

PROPOSED BUDGET FISCAL YEAR 2006



PRESENTED BY:

**GERALD R. MILLER
CITY MANAGER**

FOCUS ON RESULTS (FOR) LONG BEACH

INTRODUCING THE NEW CITY OF LONG BEACH PERFORMANCE-BASED PROGRAM BUDGET!

THE CITY OF LONG BEACH IS PROUD TO INTRODUCE OUR NEW PERFORMANCE-BASED PROGRAM BUDGET. THE FISCAL YEAR 2005-2006 PROPOSED BUDGET (FY 06 PROPOSED BUDGET) REFLECTS THE FIRST YEAR IMPLEMENTATION OF THE CITY'S FOCUS ON RESULTS (FOR) LONG BEACH PERFORMANCE MANAGEMENT SYSTEM. THE FY 06 PROPOSED BUDGET IS NOT ONLY STRUCTURALLY, BUT VISUALLY, DIFFERENT FROM PREVIOUS CITY BUDGETS. INSTEAD OF PRESENTING THE BUDGET IN THE ORGANIZATIONAL STRUCTURE (DEPARTMENT AND BUREAU), AS HAS BEEN PAST PRACTICE, THE CITY IS FOR THE FIRST TIME PRESENTING BUDGET AND PERFORMANCE INFORMATION AT THE PROGRAM LEVEL.

THIS NEW APPROACH WILL HELP THE CITY TO BETTER COMMUNICATE THE COST AND PERFORMANCE OF MUNICIPAL SERVICES AND FACILITATE MORE INFORMED FISCAL DECISION-MAKING. IT WILL ALSO HELP THE CITY ALIGN RESOURCES WHERE THEY ARE MOST NEEDED TO ACHIEVE RESULTS FOR THE COMMUNITY.

THIS INFORMATION IS AVAILABLE IN AN ALTERNATE FORMAT BY REQUEST TO THE BUDGET MANAGEMENT DIVISION (562) 570-6425.

PHOTOGRAPH TAKEN BY LEON JACKSON, STREET MAINTENANCE SUPERVISOR
COVER DESIGN BY TERI LUCE, BUDGET CLERK

Table of Contents

Table of Contents

<u>City Council's Stated Priorities</u>	Preface
<u>Elected Officials and City Organizational Chart</u>	Preface
<u>City of Long Beach Financial Policies</u>	Preface

City Manager's Proposed Budget Message

Introduction	CM 1
Background	CM 3
Adhering to the Plan's Objectives	CM 3
Other Funds	CM 8
Optimization	CM 10
Focus On Results – FOR Long Beach.....	CM 12
Beyond FY 06.....	CM 12
Attachment A: Uncontrollable and Negotiated Cost Increases	CM 15
Attachment B: Proposed Enhancements	CM 16
Attachment C: General Fund Revenues (Top 40)	CM 19
Attachment D: Proposed FY 06 Fee Adjustments by Department.....	CM 20

Understanding the City's Budget..... 1

City of Long Beach Demographics.....	3
The Budget Process.....	9
The Budget Document	10
General Fund Revenue.....	13
Debt Management.....	19

Focus on Results – FOR Long Beach..... 23

Financial Strategic Plan..... 31

Background	33
Development of the Financial Strategic Plan	33
Plan Accomplishments.....	34
Updating the Plan.....	35
Budget Summit and Community Involvement.....	36
Structural Deficit Reductions for FY 06.....	36
FY 07 and Beyond	38
Attachment A: Proposed FY 06 Financial Strategic Plan Model	39
Attachment B: Financial Strategic Plan Implementation: Year Three	40

Table of Contents

Budget Summaries..... 47

Summary of Budgets by Department	49
Summary of Full-Time Equivalents by Department	50
Summary of General Fund Budgets by Department	51
Summary of Resources & Expenditures by Fund	52
Comparison of Revenues by Fund.....	54
Comparison of Expenditures by Fund.....	55
Comparison of Revenues by Fund Group and Source	56

Budgets by Department

Mayor and City Council	59
City Attorney.....	65
City Auditor.....	71
City Clerk.....	79
City Manager	91
City Prosecutor.....	113
Civil Service.....	121
Community Development.....	129
Financial Management.....	163
Fire	189
Harbor	217
Health and Human Services	225
Human Resources	267
Library Services	287
Long Beach Energy.....	309
Oil Properties.....	333
Parks, Recreation and Marine.....	347
Planning and Building	397
Police.....	419
Public Works	449
Technology Services.....	501
Water.....	533

Fund Summaries

General Funds	543
General.....	545
Special Funds.....	547
General Grants Fund.....	549
Health Fund	550
Parking and Business Area Improvement Fund.....	551
Special Advertising and Promotion Fund	552
Upland Oil Fund.....	553
Housing Development Fund.....	554
Belmont Shore Parking Meter Fund	555
Business Assistance Fund	556

Table of Contents

Community Development Grants Fund	557
Park Development Fund.....	558
Gasoline Tax Street Improvement Fund	559
Transportation Fund	560
Capital Projects Fund	561
 Internal Service Funds	 563
Civic Center Fund.....	565
General Services Fund.....	566
Fleet Services Fund.....	567
Insurance Fund.....	568
Employee Benefits Fund	569
 Tidelands Funds.....	 571
Tidelands Funds	573
Tideland Oil Revenue Fund.....	574
Reserve for Subsidence Fund	575
 Enterprise Funds.....	 577
Gas Fund.....	579
Water Fund.....	580
Sewer Fund	581
Airport Fund.....	582
Refuse/Recycling Fund	583
SERRF Fund	584
SERRF JPA Fund.....	585
Towing Fund.....	586
 Subsidiary Agency Funds	 587
Harbor Fund	589
Parking Authority Fund	590
Housing Authority Fund.....	591
Redevelopment Fund	592
CUPA Fund	593
 <u>Capital Improvement Program</u>	 595
Fiscal Year 2006 Proposed Capital Program Overview Map.....	596
Budget Highlights	597
Allocation Plan	598
Airport Projects.....	599
Community Development Projects.....	599
Harbor Department Projects	600
Long Beach Energy Department Projects.....	601
Marinas, Beaches and Waterways Projects	601
Parks and Recreation Projects.....	602
Public Facilities Projects	602
Storm Drain Projects	603
Street Rehabilitation Projects.....	603

Table of Contents

Transportation Enhancement Projects.....	604
Water Department Projects.....	605

Appendices

2010 Strategic Plan: Goals and Strategic Actions.....	607
Awards	619
Glossary and Acronyms.....	621
Index.....	627
Acknowledgements	631



City Council's Stated Priorities

- *Further reduce crime, particularly violent crime*
- *Enhance neighborhood economic development efforts, particularly on the commercial corridors*
- *Improve environmental conditions in the City of Long Beach*
- *Improve the quality of life in the neighborhoods*
- *Expand the community's involvement in the workings of Long Beach government*
- *Promote workforce and business development efforts so as to create new jobs; ensure Long Beach becomes more business friendly*
- *Support programs which encourage the public's health and well being*
- *Promote quality housing development; improve home ownership opportunities for Long Beach residents*
- *Improve the transportation system to efficiently and effectively move goods and people through the city without negatively impacting the neighborhoods*
- *Adopt an annual budget that is structurally balanced*

Elected Officials City of Long Beach

Mayor

Beverly O'Neill

City Council

Bonnie Lowenthal, District 1
Dan Baker, District 2
Frank Colonna, District 3
Patrick O'Donnell, District 4
Jackie Kell, Vice-Mayor, District 5
Laura Richardson, District 6
Tonia Reyes Uranga, District 7
Rae Gabelich, District 8
Val Lerch, District 9

City Attorney

Robert E. Shannon

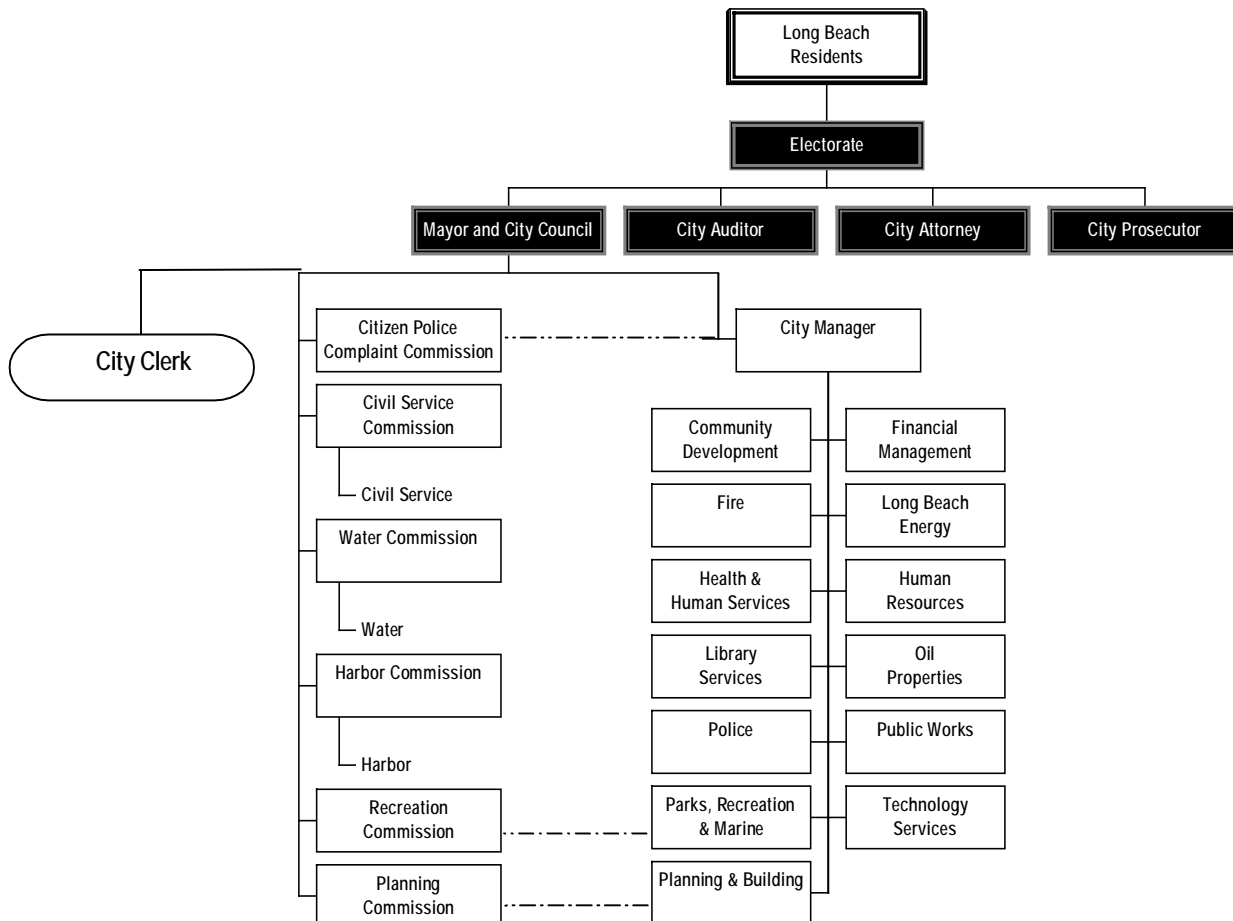
City Auditor

Gary L. Burroughs

City Prosecutor

Thomas M. Reeves

City Organizational Chart



City of Long Beach Financial Policies

1) Structurally Balanced Budget

The annual budgets for all City funds will be structurally balanced throughout the budget process. Recurring revenue will equal or exceed recurring expenditures in both the Proposed and Adopted Budgets. If a structural imbalance occurs, a plan will be developed and implemented to bring the budget back into structural balance.

2) Report on How the Budget is Balanced

The City Manager will include in the narrative transmitting the Proposed Budget a concise discussion on how the proposed budget is balanced. If the structural balance changes between the Proposed and Adopted Budgets, the City Manager will clearly delineate the changes and the resulting structural balance in the Adopted Budget.

3) General Fund Reserves

The City shall maintain an Emergency Reserve equivalent to 10 percent of General Fund recurring expenditures and an Operating Reserve equivalent to 10 percent of General Fund recurring expenditures. If these reserves are used, a plan will be developed and implemented to replenish the funds used.

4) Use of One-Time Resources

Once the General Fund budget is brought into structural balance, one-time resources such as proceeds from asset sales, debt refinancing, one-time grants, revenue spikes, budget savings and similar nonrecurring revenue shall not be used for current or new ongoing operating expenses. Appropriate uses of one-time resources include establishing and rebuilding the Emergency Reserve and the Operating Reserve, early retirement of debt, capital expenditures and other nonrecurring expenditures.

5) Use of New Discretionary Revenue

Once the General Fund budget is brought into structural balance, a minimum of 10 percent of all new (ongoing) discretionary revenue will be devoted to capital projects including deferred maintenance and infrastructure needs.

6) Accounting and Financial Reporting

The City will conform to Generally Accepted Accounting Principles as promulgated by the Governmental Accounting Standards Board (GASB). Reporting will include the following:

- Interim Financial Reports: staff will prepare monthly reports for the City Council that analyze and evaluate financial performance.

City of Long Beach Financial Policies

- Red Flag Exceptions: The City Manager shall advise the City Council of troubling and/or positive financial information including an assessment of the impact on the City budget and financial condition. Thresholds for this reporting include:
 - Whenever a major expenditure exception occurs that will impact a fund's expenditure budget by one percent or totals over \$500,000; or
 - Whenever a major revenue exception occurs that will impact a fund's revenue budget by one percent or totals over \$500,000.

7) User Fees and Charges

Every three years or less, staff will provide the City Council with reports that detail the full costs (operating, direct, indirect and capital) of providing services supported by user fees or charges. The City Council will define the level of City financial subsidy to be provided for various City services.

8) Grants

City staff will seek out, apply for and effectively administer federal, state and other grants that address the City's priorities and policy objectives and provide a positive benefit to the City. Before any grant is pursued, staff shall provide a detailed pro-forma that addresses the immediate and long-term costs and benefits to the City.

9) Long-Term Financial Plan

Each year, staff shall develop a Long-Term Financial Plan that forecasts operating expenditures and revenue for the next three to five years and capital expenditures and revenue for the next seven years. The Long-Term Financial Plan will be updated prior to the start of the annual budget process. As part of the budget message, the City Manager will advise the City Council of potential long-term positive and adverse trends along with his or her analysis of the trends. The Long-Term Financial Plan will include, but not be limited to, an analysis of such factors as:

- Economic Growth Rates
- Retail Sales Activity
- State of California Revenue and Expenditure Impacts
- Census Data
- Residential Development Activity
- Industrial Activity
- Demographic Changes
- Legal and Regulatory Changes
- The costs that are deferred or postponed until the future

City of Long Beach Financial Policies

- The full ongoing impacts of grants
- The future costs of PERS
- The accumulation of benefit liabilities
- The costs of new programs that are not fully funded
- The difference between ongoing and one-time expenses and revenue
- The operating costs associated with capital improvement projects
- The impact of demographic and economic changes on services, revenue and program costs
- Analyze financial trends
- Assess problems and opportunities facing Long Beach
- Identify alternative strategies needed to address the issues
- Develop long-term forecasts and revenue and expenditures using alternative economic, planning and policy assumptions

10. Debt Issuance

General Fund long-term debt payments shall not exceed 10 percent of operating expenditures. In addition, the City shall not issue long-term (over 1-year) General Fund debt to support operating costs. All General Fund debt issuances shall identify the method of repayment (or have a dedicated revenue source).

